

The Washington Post

AN INDEPENDENT NEWSPAPER

Box 7/15/81

The Hugel File

THE MAX HUGEL file, it turned out, was a little thicker than the CIA realized when it signed up the erstwhile New Hampshire businessman and Reagan campaign aide as deputy director of operations in May. The check that the agency ran on Mr. Hugel failed to pick up the tangled skein of certain of his business affairs that this newspaper brought to light yesterday morning. In the story, two former associates, tapes in hand, accused the nation's chief spymaster of engaging in improper or illegal "insider" stock market practices. Mr. Hugel denied all charges and, within hours, resigned.

The episode is a pie in the face of the CIA and its director, William J. Casey, who had rocked the agency's old-boy network, and raised eyebrows elsewhere, by choosing as his aide for covert operations and clandestine intelligence-gathering someone with no previous experience in those fields. The CIA is not the first organization to hire a bit hastily. Still, it has better reason and resources than most to proceed carefully.

It is not hard to imagine scenarios—several novelists are probably at it already—with far graver endings than the resignation of an official whose difficulties lay entirely in his business past. That these difficulties were of a sort unquestionably familiar to Mr. Casey, a former chairman of the Securities and Exchange Commission, sharpens the question of how Mr. Hugel passed through the CIA screen.

In some quarters, Mr. Hugel's departure is being taken, and even celebrated, as vindication of the folly of bringing in an outsider to run the country's agents and spies. But, the tinge of social snobbism aside, this is a narrow view. His trouble came not in intelligence, in which he was an outsider, but in business, in which he was an insider. It has to be put down as a moot question whether the street-smart, free-wheeling Mr. Hugel would have done better or worse as a spymaster than those intelligence insiders whose shortcomings had made it seem sensible enough to install an outsider in the first place.